

## **FISCAL NOTE**

### **HB 1366 - SB 1643**

February 25, 2001

#### **SUMMARY OF BILL:**

- Increases fees paid to the Department of Commerce and Insurance relating to insurance companies, insurance agents, HMOs, and automobile clubs or associations.
- Provides that increased revenue from such fees would be used to fund improvements to the department's insurance division for the regulation of the business of insurance. The increased revenues would supplement the division's base level funding.
- Directs the Commissioner of Commerce and Insurance to identify the increase in revenues and the expenses associated with such revenues, and report any unexpected revenue to the Commissioner of Finance and Administration.
- Provides that any such funds and excess revenues shall not revert to the General Fund but shall remain available only for the benefit of the Insurance Division of the Department of Commerce and Insurance.

#### **ESTIMATED FISCAL IMPACT:**

#### **Increase State Revenues - \$2,907,408 - Earmarked for the Insurance Division of the Department of Commerce & Insurance**

New revenues will be generated through various fee increases. The breakdown is as follows:

<b><u>FEE NAME</u></b>	<b><u>CURRENT FEE</u></b>	<b><u>PROPOSED FEE</u></b>	<b><u>ADDITIONAL REVENUE</u></b>
Agent Appointment and Terminations Fees	\$ 5.00	\$ 15.00	1,530,980.00
Agent Certification Letter Fees	3.00	7.00	143,940.00
Agent Licensing Renewal Fee	25.00	30.00	341,355.00
Surplus Lines Agent Licenses Fees	15.00	60.00	79,650.00
Surplus Lines Annual Renewal Fees	250.00	270.00	3,080.00
Title Insurance Agency License Fees	50.00	110.00	2,460.00
L&H and P&C Insurers Review of App	500.00	675.00	7,000.00
L&H and P&C Insurers C of A Issuance	100.00	440.00	13,600.00
L&H and P&C Annual Statement Filing	100.00	515.00	688,900.00
L&H and P&C Amendment to C of A	50.00	90.00	3,800.00
HMO Certificate of Authority Application Fee <sup>1</sup>	500.00	1,300.00	-
HMO Amendments of Organizational Documents	50.00	60.00	2,090.00

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HMO Annual Report Filing Fees	100.00	195.00	1,805.00
HMO Renewal of Certificate of Authority	100.00	445.00	6,555.00
Auto Club Renewal Fees	100.00	175.00	3,825.00
Service of Process Fees	10.00	15.00	45,500.00
State Seal Fees	3.00	7.00	15,368.00
Copy Fees (per page)	0.25	0.50	<u>17,500.00</u>
<b>TOTAL</b>			<b><u>\$2,907,408.00</u></b>

<sup>1</sup>In FY 2000 there were no HMOs applying for a Certificate of Authority.

**Note:** The Governor's 2001-02 Budget includes funding to strengthen the insurance examination process by providing 11 additional examiner positions and operating costs. Although this bill, in and of itself, does not increase state expenditures, the bill provides that the increased revenues generated are to be utilized by the Department of Commerce and Insurance to defray expenses of improvements to the department's insurance division incurred in the regulation of the business of insurance. Such expenses include those associated with any improvements to the division from time to time deemed necessary by the Commissioner.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director